

Message Text

CONFIDENTIAL

PAGE 01 TOKYO 08901 01 OF 02 121119Z

12

ACTION EA-14

INFO OCT-01 ADP-00 AGR-20 DOTE-00 INT-08 AID-20 EB-11

NSC-10 RSC-01 CIEP-02 TRSE-00 SS-15 STR-08 OMB-01

CEA-02 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07

OPIC-12 LAB-06 SIL-01 SCI-06 CEQ-02 EPA-04 SCEM-02

PA-03 PRS-01 USIE-00 RSR-01 SSO-00 INRE-00 NSCE-00

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O 121010Z JUL 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC IMMEDIATE 5319

C O N F I D E N T I A L SECTION 1 OF 2 TOKYO 8901

E.O. 11652: GDS

TAGS: EGEN, OCON, JA

SUBJ: ECONCOM IX -- DRAFT COMMUNIQUE

REF: TOKYO 8693

SUMMARY: THERE FOLLOWS FONOFF FIRST ROUGH DRAFT OF COMMUNIQUE FOR ECONCOM IX. IN PASSING DRAFT TO EMBASSY, FONOFF (UKAWA) STATED THAT IT WANTED US SIDE TO CONSIDER ITS DRAFT AS WELL AS THAT OF EMBASSY IN PREPARING FOR DISCUSSIONS ON COMMUNIQUE IN TOKYO. FONOFF EMPHASIZED THAT IT WAS NOT WEDDED TO ANY PARTICULAR LANGUAGE OR CONSTRUCTION, AND THAT IT HAD NOT CONSULTED OTHER MINISTRIES IN PRODUCING DRAFT. GOF DRAFTING COMMITTEE EXPECTED TO CONSIST OF MIYAZAKI AND UKAWA FROM FONOFF. FONOFF DRAFT WOULD PICK UP SECTIONS VI, VII AND VIII OF US DRAFT AFTER PARA 7 OF ITS DRAFT. FONOFF APOLOGIZED FOR POOR QUALITY OF ENGLISH, WHICH IT DID NOT HAVE TIME TO CORRECT. END SUMMARY.

CONFIDENTIAL

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PAGE 02 TOKYO 08901 01 OF 02 121119Z

BEGIN TEXT: COMMUNIQUE OF THE NINTH MEETING OF THE JOINT

JAPAN-UNITED STATES COMMITTEE ON TRADE AND ECONOMIC AFFAIRS

THE NINTH MEETING OF THE JOINT JAPAN-UNITED STATES COMMITTEE ON TRADE AND ECONOMIC AFFAIRS WAS HELD IN TOKYO ON JULY 16 AND 17, 1973, UNDER THE CHAIRMANSHIP OF THE MINISTER FOR FOREIGN AFFAIRS, MASAYOSHI OHIRA.

1. THE COMMITTEE REVIEWED THE INTERNATIONAL SITUATION AND NOTED WORLD-WIDE MOVES TOWARDS RELAXATION OF TENSIONS, AND, WITH REFERENCE TO ASIA, WELCOMED THE REALIZATION OF PEACE IN VIETNAM AND THE NEW DEVELOPMENTS IN THE KOREAN PENINSULA. IT REAFFIRMED THE IMPORTANCE, UNDER THESE CIRCUMSTANCES, OF STRENGTHENING THE CONSTRUCTIVE RELATIONSHIP OF COOPERATION WITH WIDENING INTERNATIONAL SCOPE BETWEEN JAPAN AND THE UNITED STATES.

2. THE COMMITTEE REVIEWED THE ECONOMIC SITUATIONS IN JAPAN AND THE UNITED STATES AND NOTED IN PARTICULAR THE INFLATIONARY TENDENCIES IN BOTH COUNTRIES, AS WELL AS IN THE DEVELOPED COUNTRIES AS A WHOLE. IN THIS CONNECTION, THE TWO DELEGATIONS EXPLAINED THE SERIES OF MEASURES THAT HAVE BEEN RECENTLY TAKEN IN THEIR COUNTRIES.

3. (1) IN REVIEWING THE ECONOMIC RELATIONS BETWEEN JAPAN AND THE UNITED STATES THE COMMITTEE NOTED WITH SATISFACTION THE REMARKABLE DEVELOPMENTS IN THE US-JAPAN ECONOMIC RELATIONS AS ILLUSTRATED BY THE CONTINUED INCREASE IN THE TRADE VOLUME BETWEEN THE TWO COUNTRIES WHICH IS ESTIMATED THIS YEAR TO REACH THE LEVEL OF OVER \$15 BILLION BOTH WAYS OR FIVE TIMES THAT ACHIEVED TEN YEARS AGO.

(2) THE COMMITTEE NOTED WITH SATISFACTION THE SIGNIFICANT IMPROVEMENT IN THIS YEAR IN THE TRADE IMBALANCE BETWEEN THE TWO COUNTRIES, THE REDUCTION OF WHICH HAS BEEN AN URGENT TASK IN THE ECONOMIC RELATIONS BETWEEN JAPAN AND THE UNITED STATES IN RECENT YEARS. IT RECOGNIZED THAT ON THE BASIS OF THESE DEVELOPMENTS JAPAN AND THE UNITED STATES COULD LOOK FORWARD TO NEW PERSPECTIVES IN DEVELOPING THEIR ECONOMIC

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 TOKYO 08901 01 OF 02 121119Z

RELATIONS. REVIEWED FROM VARIOUS ANGLES MANNERS OF NEW COOPERATIVE RELATIONS BETWEEN THE TWO COUNTRIES IN BILATERAL AS WELL AS MULTILATERAL FORUMS.

(3) THE COMMITTEE REAFFIRMED THEIR DETERMINATION TO FURTHER WIDEN AND DEEPEN THIS ECONOMIC RELATIONSHIP BETWEEN THE TWO COUNTRIES ON THE BASIS OF SEEKING A GREATER EQUILIBRIUM ON THE BASIS OF FURTHER EXPANSION

OF TRADE AND GREATER EFFORTS TO LIBERALIZE AND KEEP THE MARKETS OF BOTH COUNTRIES OPEN. IN THIS REGARD, THE JAPANESE DELEGATION EXPLAINED THE SERIES OF PROGRAMS AND MEASURES TAKEN BY JAPAN WITH THE OBJECTIVE OF RESTORING JAPAN'S GLOBAL BALANCE OF PAYMENTS SITUATION, WHICH WERE EXPECTED TO CONTRIBUTE TO THE REDUCTION OF THE TRADE IMBALANCE BETWEEN THE TWO COUNTRIES AS WELL. THE COMMITTEE EMPHASIZED, THAT IN ORDER TO POSITIVELY EXPLOIT THE MARKET OPPORTUNITIES THUS GREATLY EXPANDED IN JAPAN BY THE ABOVE MEASURES, IT WAS DESIRABLE FOR THE UNITED STATES TO ENCOURAGE AND PROMOTE ITS EXPORTS TOWARDS JAPAN.

(4) THE JAPANESE DELEGATION EXPRESSED GREAT CONCERN OVER STABLE AND CONTINUED SUPPLY TO JAPAN OF SUCH ESSENTIAL ITEMS AS LOGS, SCRAP, WHEAT, SOYBEANS AND OTHER FEED GRAINS. THE UNITED STATES DELEGATION, EMPHASIZING THAT PRESENT SHORTAGES IN EXPORT AVAILABILITIES OF MANY OF THESE PRODUCTS IN THE UNITED STATES WERE TEMPORARY AND RELATED TO THE GLOBAL INSUFFICIENCY OF SUPPLY, EXPRESSED ITS FIRM INTENTION TO MAKE EVERY POSSIBLE EFFORT TO MAINTAIN SUPPLIES TO JAPAN AND THUS CONTINUE TO FILL ITS ROLE AS A LEADING SUPPLIER TO THE JAPANESE MARKET.

(5) THE COMMITTEE REAFFIRMED THAT IT WAS GREATLY ADVANTAGEOUS FOR THE DEVELOPMENT OF JAPAN-U.S. ECONOMIC RELATIONS TO PROMOTE THE FLOW OF CAPITAL BETWEEN THE TWO COUNTRIES. IN THIS CONNECTION, THE UNITED STATES DELEGATION WELCOMED THE ANNOUNCEMENT BY JAPAN IN MAY OF ITS CAPITAL LIBERALIZATION PROGRAM, WHICH INCLUDED ACCEPTANCE OF THE PRINCIPLE OF 100 PERCENT FOREIGN OWNERSHIP. THE JAPANESE DELEGATION REAFFIRMED THEIR ALREADY ANNOUNCED INTENTION TO CONTINUE THE REVIEW OF

CONFIDENTIAL

PAGE 04 TOKYO 08901 01 OF 02 121119Z

POSSIBILITIES TO FURTHER LIBERALIZE AND TO PROMOTE SUCH LIBERALIZATION.

5. THE COMMITTEE EXCHANGED VIEWS ON MULTILATERAL ECONOMIC RELATIONS AND CAME TO A MUTUAL UNDERSTANDING ON VARIOUS AREAS INCLUDING THE FOLLOWING:
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CONFIDENTIAL

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PAGE 01 TOKYO 08901 02 OF 02 121126Z

13

ACTION EA-14

INFO OCT-01 ADP-00 AGR-20 DOTE-00 INT-08 AID-20 EB-11

NSC-10 RSC-01 CIEP-02 TRSE-00 SS-15 STR-08 OMB-01

CEA-02 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07

OPIC-12 LAB-06 SIL-01 SCI-06 CEQ-02 EPA-04 SCEM-02

PA-03 PRS-01 USIE-00 SSO-00 INRE-00 NSCE-00 RSR-01

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC IMMEDIATE 5320

C O N F I D E N T I A L SECTION 2 OF 2 TOKYO 8901

(1) THE COMMITTEE, ON THE BASIC RECOGNITION THAT A NEW AND STABLE INTERNATIONAL MONETARY SYSTEM IS OF VITAL IMPORTANCE IN SECURING A SMOOTH FUNCTIONING OF THE INTERNATIONAL ECONOMY, STRESSED THE DESIRABILITY TO ENDEAVOR FOR AN EARLY AGREEMENT ON SUCH A NEW SYSTEM.

(2) THE COMMITTEE AGREED ON THE DESIRABILITY TO DECLARE FORMALLY OPEN THE NEW ROUND OF MULTILATERAL TRADE NEGOTIATIONS AT THE GATT MINISTERIAL LEVEL CONFERENCE TO BE CONVENED IN TOKYO IN SEPTEMBER. IT ALSO AGREED THAT THE NEXT ROUND OF MULTILATERAL TRADE NEGOTIATIONS, BASED ON THE BASIC PRINCIPLES OF MULTILATERALISM, NON-DISCRIMINATION, MUTUAL ADVANTAGE, SHOULD SEEK AS BASIC OBJECTIVES THE EXPANSION AND LIBERALIZATION OF TRADE.

THE COMMITTEE EMPHASIZED THE IMPORTANCE OF EARLY COMPLETION OF PREPARATIONS INCLUDING NECESSARY LEGISLATIVE AUTHORITY SO THAT NEGOTIATIONS COULD BE PROMPTLY LAUNCHED. IN THIS REGARD IT ALSO REAFFIRMED THE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TOKYO 08901 02 OF 02 121126Z

REQUIREMENT FOR ALL COUNTRIES AS WELL AS JAPAN AND THE UNITED STATES TO OBSERVE AND ACT IN ACCORDANCE WITH THE

EXISTING INTERNATIONAL RULES AND OBLIGATIONS.

(3) THE COMMITTEE, RECOGNIZING THAT INTERNATIONAL INVESTMENT ACTIVITIES AS WELL AS INTERNATIONAL TRADE AND MONETARY AFFAIRS IS AN EQUALLY IMPORTANT ELEMENT FOR A STABLE DEVELOPMENT OF THE WORLD ECONOMY, REAFFIRMED THE INTENTION OF THEIR RESPECTIVE GOVERNMENTS TO PARTICIPATE ACTIVELY IN MULTILATERAL DISCUSSIONS AIMING AT PROMOTING A HARMONIOUS DEVELOPMENT OF INTERNATIONAL INVESTMENT ACTIVITIES CONSONANT WITH NATIONAL ECONOMIES.

6. THE COMMITTEE, NOTING THAT THE ENERGY AND RESOURCES QUESTION CENTERING ON OIL RESOURCES IS BECOMING A WORLD-WIDE CONCERN, AFFIRMED THE IMPORTANCE FOR BOTH JAPAN AND THE UNITED STATES OF CONTINUING A BROAD EXCHANGE OF VIEWS AND INFORMATIONS AT BOTH GOVERNMENT AND PRIVATE LEVELS. IN THIS CONNECTION THE COMMITTEE HAD AN EXTENSIVE EXCHANGE ON THE POSSIBLE AREAS OF COOPERATION BETWEEN JAPAN AND THE UNITED STATES INCLUDING COOPERATION IN THE FIELD OF ENERGY RESEARCH AND DEVELOPMENT.

7. THE COMMITTEE REAFFIRMED THAT IT WAS AN IMPORTANT TASK FOR DEVELOPED COUNTRIES TO ASSIST IN THE ECONOMIC AND SOCIAL DEVELOPMENT OF DEVELOPING COUNTRIES. THE JAPANESE DELEGATION EXPRESSED THEIR INTENTION TO CONTINUE TO FURTHER EXPAND BOTH GEOGRAPHIC AND FUNCTIONAL SCOPE OF THE JAPANESE AID PROGRAM AS WELL AS TO ENDEAVOR TO IMPROVE THE QUANTITY AND QUALITY OF JAPAN'S OFFICIAL DEVELOPMENT ASSISTANCE. IT ALSO URGED THE UNITED STATES TO EXPAND ITS AID IN THE ASIAN AREA, AND TO IMPLEMENT ITS PLEDGES FOR A CONTRIBUTION TO THE SPECIAL OPERATION FUNDS AS WELL AS TO THE PROPOSED INCREASE IN THE CAPITAL SUBSCRIPTION OF THE ASIAN DEVELOPMENT BANK, AND EMPHASIZED THE IMPORTANCE FOR BOTH JAPAN AND THE UNITED STATES TO ENDEAVOR TO PROMOTE GENERAL UNTYING UNDER AN INTERNATIONAL SCHEME.

THE COMMITTEE EXPRESSED A STRONG INTEREST IN THE PRO-
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PAGE 03 TOKYO 08901 02 OF 02 121126Z

MOTION OF TRADE OF THE DEVELOPING COUNTRIES AND EXPRESSED THE HOPE THAT IN THE NEW ROUND OF MULTILATERAL TRADE NEGOTIATIONS PROVISIONS ARE MADE FOR NEW OPPORTUNITIES FOR INCREASED TRADE OF DEVELOPING COUNTRIES. END TEXT.
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